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## CHAIRWOMAN MIKULSKI STRESSES IMPORTANCE OF ENDING SEQUESTER, EXAMINES FY14 BUDGET REQUEST FOR TREASURY AND IRS AT FINANCIAL SERVICES SUBCOMMITTEE HEARING

WASHINGTON – U.S. Senator Barbara A. Mikulski (D-Md.), Chairwoman of the full Senate Appropriations Committee, today discussed the need to properly fund the Department of the Treasury and the Internal Revenue Service at today's Financial Services and General Government subcommittee hearing on the fiscal year 2014 budget request. The Chairwoman again expressed her support for the President's budget request level of \$1.058 trillion for discretionary spending. The following are Chairwoman Mikulski's remarks, as prepared for delivery:

"Today, the Financial Services and General Government Subcommittee meets to examine the fiscal year 2014 budget request for the Department of the Treasury, including the Internal Revenue Service. Chairman Lautenberg is eager to begin work on his new bill, so I'm pleased to Chair this hearing for him today, in order to get the process started.

"We will have two panels today. Our first panel will be Treasury Secretary Jack Lew, while our second panel will focus on the IRS, which is the Treasury Department's largest bureau. The IRS accounts for half of this Subcommittee's funding, so it's appropriate that we hear from Acting IRS Commissioner Steven Miller and Inspector General for Tax Administration Russell George.

"We are so pleased Secretary Lew is serving in this new role, at this critical time. As we all know, we are in sequester now and unless sequester is canceled we will face sequester for the next eight years. Secretary Lew knows better than anyone, and after two tours of duty as OMB Director, he certainly knows the importance of the appropriations process to creating conditions that generate jobs and grow our economy.

"That is why I support the President's budget request level of \$1.058 trillion for discretionary programs, the same as the deal in the American Taxpayer Relief Act that passed the Senate 89-8 just four months ago. In contrast, the Ryan budget and the sequester level is \$966 billion – this is \$91 billion less than the President's request. In addition, the Ryan budget cancels sequester for Defense only, which means the entire \$91 billion cut is from domestic spending. So we look forward to hearing from Secretary Lew about Treasury's own budget, the importance of supporting the President's budget request level, and the consequences of sequester -- now and in the future.

"This week is Public Service Recognition Week, when we salute public employees for their tireless work. Treasury staff are on the job providing value for the taxpayers, and I'll give just a couple of examples. Sanctions experts at the Office of Foreign Assets Control target sources of finance to disrupt Iran's pursuit of weapons of mass destruction. Intelligence analysts at the Financial Crimes Enforcement Network follow the financial paper trail to make sure crime doesn't pay for terrorist financiers, organized crime, and narcotics traffickers.

"Payment specialists at the Financial Management Service ensure that Social Security payments get to our seniors, benefit payments get to our disabled veterans, and taxpayers get their refunds. Economists forecast economic indicators and track market conditions to monitor risks building up in our financial system. Specialists at the Alcohol and Tobacco Tax and Trade Bureau combat tobacco smuggling and tax evasion. Customer service representatives at the Internal Revenue Service answer questions so taxpayers complete their returns accurately.

"To these employees and others throughout the government in these times of pay freezes and furloughs, I say we value your commitment and dedication and we thank you for your service to our country.

"As Chairwoman of the Full Committee, I welcome the opportunity today to exercise the most important role of the Appropriations Committee: to conduct critical oversight of federal spending. During these check-ups, we pursue these questions: what resources are needed to carry out critical missions, and are we getting value for the taxpayer dollar?

"I want to have a candid discussion to determine where Treasury is today and where it needs to be in fiscal year 2014. To complement our oversight, a cadre of watchdogs and keen observers monitor and evaluate Treasury's operations, including: Treasury Inspector General; Treasury Inspector General for Tax Administration; National Taxpayer Advocate; IRS Oversight Board; U.S. Government Accountability Office; and, National Treasury Employees Union.

"I appreciate the exemplary work and contributions of each of these entities. Their assessments help improve the work of the Treasury and the IRS. Chairman Lautenberg invited each organization to submit written materials to enrich the Committee's work and augment the hearing record. I ask unanimous consent that the statements and accompanying materials be made a part of the hearing record.

"Treasury's total budget request is \$14.2 billion, and the IRS accounts for \$12.9 billion. For the remainder of Treasury operations the request is \$1.3 billion for a wide variety of activities, from economic forecasting to combating terrorist financing and money laundering, and from community development financing to managing the books of the federal government. "I'm pleased that despite fiscal restraints, the budget maintains robust funding for the Community Development Financial Institutions Fund, or CDFI Fund. I'm also pleased that the request extends the CDFI Bond Guarantee Program, and will provide \$1 billion in bond financing to CDFIs at no cost to the taxpayer. As our financial sector continues an unprecedented restructuring, CDFIs are playing a more critical role in making credit and financial services available in economically challenged communities

"I am concerned about the proposed six percent cut to Treasury's Financial Crimes Enforcement Network, which combats money laundering and terrorist financing by tracking the financial trail of criminals. I will want to learn more about why Treasury requests to reduce support for this critical agency.

"The IRS has a dual mission: providing America's taxpayers with top quality service by helping them understand and meet their tax responsibilities, and applying the tax law with integrity and fairness to all. The IRS collects revenues that fund 92 percent of Federal operations and public services, and spending by the IRS is just 48 cents for every \$100 collected in 2012. Each year, 89,500 IRS employees make hundreds of millions of contacts with taxpayers and businesses, representing the face of government to more U.S. citizens than any other agency.

"The President's budget requests \$12.449 billion for the IRS, an increase of \$656 million above the FY 2013 funding, or 5.5 percent. Requested funding would provide:

- \$5.42 billion for tax law enforcement, an increase of \$132 million, or 2.5 percent;
- \$2.41 billion for taxpayer services, an increase of \$177 million, or 8 percent;
- \$4.32 billion for operations support, an increase of \$375 million, or 9 percent; and,
- \$301 million for business systems modernization, a cut of \$29 million, or 9 percent.

"The request also includes \$440 million to continue time-sensitive implementation of the Affordable Care Act, to establish infrastructure to help individuals buy health care on exchanges and assist public with questions on health insurance exchanges, tax credits. The request also includes \$412 million for law enforcement activities to capture more delinquent revenue to reduce the deficit, but this is paid for in a way that exceeds our budget caps.

"I look forward to hearing about the challenges that Treasury and the IRS face and how this Committee can be helpful in providing the right resources to support their critical missions."